

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2387 - SB 2249

February 29, 2012

SUMMARY OF BILL: Reduces, from 17 to 12, the membership of the board of directors of the Tennessee Duck River Development Agency and changes the appointment authority of the directors from the county legislative bodies to the Governor. Reduces, from 18 to 14, the membership of the Tennessee Peace Officer Standards and Training (POST) Commission and grants appointment authority to the Governor. Grants the Commissioner of Commerce and Insurance the authority to appoint the executive director of the Jerry F. Agee Tennessee Law Enforcement Training Academy. Places the Tennessee Corrections Institute under the Department of Commerce and Insurance (TDCI) and grants the Commissioner the authority to hire the executive director of the Board of Control. Grants the executive director, instead of the Board, the control to employ necessary staff and changes the make-up of the Board of Control.

Moves the Massage Licensure Board from the Division of Health Related Boards to the Division of Regulatory Boards. Removes the provision requiring the Private Probation Services Council to meet at least quarterly. Reduces, from 26 to 22, the members on the Tennessee Commission on Aging and Disability (TCAD) and grants the Governor the appointment authority over Commission members and the executive director. Grants the Governor the authority to appoint the executive director of the Tennessee Commission on Children and Youth. Changes the membership of the statewide and regional boards of directors for the community services agencies and the terms of each director.

Changes the membership requirements for the Board of Accountancy and staggers the terms of the members. Grants the Commissioner of Commerce and Insurance the authority to appoint and establish the compensation for the executive director of the board. Grants the Governor authority to appoint the executive directors of the Tennessee Arts Commission and the Tennessee Higher Education Commission. Places the Council for Career and Technical Education administratively under the Department of Education and grants the Commissioner of Education the authority to appoint and set the salary of the executive director.

Deletes the Conservation Commission. Grants the Commissioner of the Department of Environment and Conservation (TDEC) the authority to appoint and set the salary of the executive director of the Tennessee Heritage Conservation Trust Fund. Authorizes the fund's board of trustees to complete studies and recommendations concerning the conservation programs and policies of TDEC as it deems appropriate. Combines the Water Quality Control Board with the State Oil and Gas Board into the Tennessee Board of Water Quality, Oil, and Gas with a total of 11 members. Deletes the Tennessee Municipal Solid Waste Advisory Committee and the Petroleum Underground Storage Tank Board. Changes the Solid Waste Disposal Control Board to the Underground Storage Tanks and Solid Waste Disposal Control

Board and changes the membership requirements for a total of 13 members. Grants the new Board the authority of the Municipal Solid Waste Advisory Committee and the Petroleum Underground Storage Tank Board. Authorizes, instead of requires, the Commissioner of TDEC to appoint a technical advisory committee to provide advice on the status of the state's water resources.

Attaches the Commission on Firefighting Personnel Standards and Education to TDCI, Division of Fire Prevention. Requires the Director of the Division to serve as the executive director of the Board and deletes the Board's authority to hire a staff. Combines the Locksmith Licensing and Private Security Regulatory Funds. Deletes the requirement that the anticipated revenues from the Locksmith Licensing Act not cause more than 25 percent of the current budget to be carried over at the end of the fiscal year.

ESTIMATED FISCAL IMPACT:

**Decrease State Expenditures – Net Impact - \$248,700/General Fund
Net Impact - \$2,100/Environmental Protection Fund**

Other Fiscal Impact – There will be a shift of revenue and expenditures in the amount of \$355,000 from the Division of Health Related Boards to the Division of Regulatory Boards associated with the transfer of the Massage Licensure Board. The Board's FY10-11 fund balance of \$152,410.56 will also transfer to the Division of Regulatory Boards.

Assumptions:

- Reducing the number of members on the Tennessee Duck River Agency board of directors will not result in a significant fiscal impact on the current operations of the Agency.
- According to TDCI, reducing the membership of the POST Commission by six members will result in a decrease in travel expenditures of \$5,100.
- According to the Tennessee Corrections Institute, it currently contracts with Shared Services for assistance in fiscal services, human resources services, technology, procurement, and budgeting at a cost of \$5,000. According to the Institute and TDCI, transferring the Institute will result in an unspecified amount of budgeted expenditures. It is assumed that the transfer will not increase the expenditures above what they currently are for the services provided by Shared Services; therefore, the net impact is not significant.
- According to the Department of Health, there will be a shift in expenditures and revenue associated with the Massage Licensure Board totaling \$355,000 from the Division of Health Related Boards to the Division of Regulatory Boards.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all health-related boards are required to be self-supporting over a two-year period. The Massage Licensure Board had a balance of

\$152,410.56 in FY10-11 and a deficit of \$30,166.85 in FY09-10. The FY10-11 balance will also transfer to the Division of Regulatory Boards.

- According to TDCI, the Private Probation Council will meet 25 percent less frequently. The annual savings in travel expenditures are estimated to be \$1,200.
- According to the Commission on Aging and Disability, reducing the membership of the Commission will result in a decrease in travel and per diem expenditures of approximately \$4,380.
- According to the Department of Finance and Administration, the proposed revisions to the membership of the Board of the Tennessee Community Services Agency will reduce the size from 95 members to 12 members.
- Board meetings are currently conducted via conference call, so there will not be a significant decrease in expenditures for board meetings. There will also be some reduction in postage costs, printing and conference call costs. According to the Department, this will not be significant.
- According to TDCI, the proposed changes to the Board of Accountancy will not result in significant changes to the executive director's salary; therefore, there will not be a significant fiscal impact.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. The State Board of Accountancy had closing balances of \$172,320.07 for FY09-10 and \$198,348.39 for FY10-11. The FY10-11 reserve account balance for the Board was \$614,643.91.
- According to the Department of Education, the Council for Career and Technical Education's budget flows through the Department. The current FY11-12 budget for the Council is \$159,600. Any fiscal impact incurred for additional administrative responsibilities will not be significant.
- According to TDEC, elimination of the Conservation Commission will result in a decrease in general fund expenditures of \$4,800 based on the cost history of the Commission.
- According to TDEC, the current Oil and Gas Board expenditures are \$2,400. Combining this Board with the Water Quality Control board will result in a decrease in expenditures of \$2,400. The state portion is \$549.60 at a rate of 22.9 percent and the Environmental Protection Fund portion is \$1,850.40 at a rate of 77.1 percent.
- Combining the Water Quality and Oil and Gas Board will result in two more members than the current Water Quality Control Board receiving reimbursements and increasing expenditures by \$3,000. The state portion is \$687 at a rate of 22.9 percent and the Environmental Protection Fund portion is \$2,313 at a rate of 77.1 percent.
- The net impact of combining the Water Quality Board and the Oil and Gas Board is an increase in state expenditures of \$137.40 (\$687 - \$549.60) and Environmental Protection Fund expenditures of \$462.60 (\$2,313 - \$1,850.40).
- According to TDEC, deletion of the Municipal Solid Waste Advisory Committee will result in a decrease of \$3,000 and deletion of the Petroleum Underground Storage Tank Board will result in decreased expenditures of \$3,400. The state portion is \$3,200 at a rate of 50 percent and the Environmental Protection Fund portion is \$3,200 at a rate of 50 percent.
- Combining this Board with the Solid Waste Disposal Control Board will result in two more members than the current Solid Waste Disposal Control Board receiving

reimbursements and increasing expenditures by \$1,200. The state portion is \$600 at a rate of 50 percent and the Environmental Protection Fund portion is \$600 at a rate of 50 percent.

- The net impact of combining the Petroleum Underground Storage Tank and Solid Waste Disposal Control Boards is a decrease in state expenditures of \$2,600 (\$3,200 - \$600) and Environmental Protection Fund expenditures of \$2,600 (\$3,200 - \$600).
- The net impact to the proposed revisions to TDEC is a decrease in state expenditures of \$7,262.60 [(\$4,800 decrease + \$2,600 net decrease) - \$137.40 net increase] and Environmental Protection Fund expenditures of \$2,137.40 (\$2,600 - \$462.60).
- According to TDCI, the estimated decrease in expenditures for elimination of the Commission on Firefighting Personnel Standards and Education will be \$121,400 in personnel costs and \$109,400 in operational costs for a total of \$230,800.
- The provisions of the bill grant the Governor appointment authority over various governmental entities. The increased appointment authority will not result in a significant increase in expenditures or a change in the current salaries and reimbursement costs for those positions.
- The net fiscal impact to the general fund is estimated to be a decrease in expenditures of \$248,742.60 (\$5,100 + \$1,200 + \$4,380 + \$7,262.60 + \$230,800).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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